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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Financing of the United Nations Logistics Base at Brindisi

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General containing the financial performance report for the United Nations Logistics Base at Brindisi, Italy, for the period from 1 July 1997 to 30 June 1998 (A/53/776) and the proposed budget for the Base for the 12–month period from 1 July 1999 to 30 June 2000 (A/53/815). During its consideration of the reports, the Committee met with representatives of the Secretary-General, and the Chief Administrative Officer of the Base, who provided additional information.

2. The Committee recalls that the General Assembly, in its resolution 52/1 B of 26 June 1998, approved the Secretary-General's cost estimates of $7,141,800 for the Base for the period from 1 July 1998 to 30 June 1999, including the amount of $829,900 for the completion of two start-up kits. The General Assembly also decided to apply the unencumbered balance of $2,025,800 for the period from 1 July 1996 to 30 June 1997 to the resources required for the 1998/99 period, and to prorate the balance of $5,116,000 among the approved appropriations of the individual active peacekeeping operation budgets.

Financial performance report for the period from 1 July 1997 to 30 June 1998

3. In its previous report on the financing of the Base (A/52/897, para. 4), the Committee expressed the view that the format of the performance report, as well as that of the budget, should allow for a programmatic or management analysis of the tasks and functions of the Base, in addition to providing the necessary statistical information. The Committee notes that this recommendation was partially addressed in the current submission. The Secretariat indicated that further modifications would be effective in the context of the performance

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report for the period from 1 July 1998 to 30 June 1999 and the cost estimates for the period from 1 July 2000 to 30 June 2001.

4. The Committee recalls that the General Assembly, in its resolutions 51/218 E and 52/1 A, of 17 June and 15 October 1997 respectively, authorized the Secretary-General to enter into commitments totalling $13,110,350 for the maintenance of the Base for the period from 1 July 1997 to 30 June 1998, inclusive of $4,207,500 for the clearance of the backlog inventory. As explained in the performance report (A/53/776, paras. 4 and 10), at the time the cost was to be apportioned among the peacekeeping operations it became known that much of the planned refurbishment would not be undertaken, because 300 vehicles that had been intended for refurbishment at Brindisi were instead shipped directly from the closing to the receiving missions, and the Base was able to identify for write-off material that had earlier been considered for refurbishment, storage and/or redistribution.

5. A reduced amount of $10,835,051 was therefore apportioned among peacekeeping missions for the period from 1 July 1997 to 30 June 1998, inclusive of $3,354,646 for the clearance of the backlog inventory. The Committee notes that, of this consolidated appropriation, expenditures amounted to $9,461,500. The resulting unencumbered balance was $1,373,600, of which $817,400 related to the maintenance budget and $556,200 to the backlog clearance budget (see A/53/776). This was mostly due to civilian vacancies, as well as reduced requirements under maintenance and contractual services. The financial data for the consolidated budget is provided in annex I to the performance report.

6. The maintenance budget for the Base was apportioned at $7,480,405 instead of $8,902,850, for the reasons explained in paragraph 4 above (see A/53/776, paras. 20–21 and annexes II and III). Expenditures amounted to $6,663,000, resulting in the unencumbered balance of $817,400 mentioned in paragraph 5 above. In connection with the backlog clearance budget, the Committee notes that, of the apportionment of $3,354,646 (instead of the initial $4,205,500), expenditures amounted to $2,798,500, resulting in an uncumbered balance of $556,200 (ibid., paras. 22–24 and annexes IV and V).

7. Savings of $591,500 are reported under civilian personnel costs ($333,900 under the maintenance budget and $257,600 under the backlog clearance budget). This was the result of an average vacancy rate of 3 per cent among international staff and the decision of the General Assembly to convert seven posts from General Service to local level in the maintenance budget; and a 20 per cent vacancy rate in the number of person-months authorized, as well as incumbency of posts at lower grade levels than budgeted in the backlog clearance budget.

8. Savings of $174,400 are also reported under premises and accommodation, mostly due to underexpenditures of $159,900 in the maintenance budget as a result of fewer projects completed or smaller-scale renovation undertaken. In addition, savings of $351,200 were achieved under supplies and services ($166,200 in the maintenance budget and $185,000 in the backlog clearance budget). These were mostly due to lower requirements under contractual services, resulting from the write-off of large quantities of equipment and the use of general temporary assistance to accomplish the remaining tasks, which proved to be cost-effective, as indicated in paragraph 7 of annex III to the report, as well as lower requirements relating to re-warehousing, refurbishment of containers and generator maintenance support in the backlog clearance budget.

9. The implementation of the clearance of the backlog is described in paragraphs 13 to 18 of the Secretary-General's report. The Committee commends the Base for implementing the project within budget and within the anticipated time. The Committee welcomes the fact that a single database for the field asset control system has been in place since October 1998,

listing equipment related to the start-up kits, the Field Administration and Logistics Division reserve, and the assets of the Base. The Committee was also informed that procedures are now in place to ensure that tasks related to the receiving and inspection of assets are carried out within a 30–day period, thus averting the possibility of future backlogs.

10. The Committee requested a summarized inventory of what is currently available at Brindisi, including equipment within the Field Administration and Logistics Division reserve, start-up kits, and those assets in use at the Base itself. The Committee was provided with a figure for inventory value of approximately $67,256,377, excluding expendables or spare parts, estimated approximately at $20 million.

11. From the information provided to it, the Committee was able to confirm that much remains to be done with regard to inventory management. Although the information provided was said to be of a preliminary nature, and it was pointed out that the task of establishing an accurate inventory of assets would be completed at the end of May 1999, the Committee must stress, once again, the importance of establishing an accurate inventory of assets with proper classification, value and coding, including data on the length of standard depreciation and how long the asset can be expected to remain viable.

12. The Committee recalls that the General Assembly, in its resolution 52/1 A, requested the Secretary-General to consider the possibility of expanding the use of the Base to other agencies and programmes of the United Nations, as recommended by the Committee (A/52/407, para. 18). The Secretary-General's report refers to the possible use of the Base by the World Food Programme (WFP), and to visits to the Base by the World Health Organization and the Office for the Coordination of Humanitarian Affairs of the Secretariat (A/53/776, para. 11). The Committee was informed of ongoing discussions between WFP and the host Government to accommodate WFP depot requirements, and it notes that it is anticipated that it will be possible to accommodate the WFP depot requirement on the premises of the Base without detriment to the Base's own operations, and that the Base is working closely with WFP to determine its precise accommodation requirements and to work out cost-sharing arrangements. The Committee was encouraged by the steps taken to make wider use of the facility though it was understood that the potential use of the Base by other United Nations entities depends on the extent to which additional space can be made available at the Base.

13. The performance report (ibid., para. 9) indicates that arrangements have been made to ensure recovery of any excess costs incurred by the Base for logistics support in the form of supplies and equipment provided, on an as-required basis, to the specialized agencies or to funds and programmes such as the Office of the United Nations High Commissioner for Refugees and the United Nations Children's Fund. Moreover, the Committee notes that, as a result, miscellaneous income amounted to $137,000 for the period under review. The Committee sought additional information with regard to the services provided directly or indirectly by the Base to United Nations agencies, programmes and entities.

14. The Committee was informed that, for the period under review, the Base had transferred equipment in support of the International Tribunals for Rwanda and the Former Yugoslavia, the United Nations Development Programme, the Office for the Coordination of Humanitarian Affairs of the Secretariat and the United Nations Special Mission to Afghanistan, among others, valued at $390,960. Furthermore, for the period from 1 July 1998 to 21 February 1999, outgoing shipments were valued at $1,039,956, and incoming at $361,431. In addition, because of the capability of the communications facility at the Base, entities such as WFP, the Tribunals, the Office for the Coordination of Humanitarian Affairs of the Secretariat, the United Nations Office at Geneva and the United Nations Office

at Nairobi relay through the Base, which provides an extension to their already existent networks.

15. The Committee therefore recommends that information on miscellaneous income be included, in future, in annex I to the performance report containing the summary statement, and that estimates of miscellaneous income be included in future proposed budgets.

16. The Committee recommends acceptance of the Secretary-General's proposal to apply the unencumbered balance of $1,373,600 to the resources required for the period from 1 July 1999 to 30 June 2000.

Cost estimates for the 12-month period from 1 July 1999 to 30 June 2000

17. An amount of $7,783,800 is proposed for the maintenance of the Base for the period from 1 July 1999 to 30 June 2000. The amount proposed constitutes an increase of $642,000, or 9 per cent, in relation to the apportionment for the period from 1 July 1998 to 30 June 1999.

18. The Committee recommends that, in the context of the next budget submission, the Secretary-General clearly indicate the resource requirements necessary to accomplish the basic functions of the Base, such as those outlined in his report (A/53/815, paras. 6–7). To this end, and as indicated in paragraph 3 above, the format of the report should be further refined by improving the programmatic content, and by including information on the outputs to be produced by each section and the related resources required for that purpose.

19. As indicated in the report (ibid., para. 10), the current staffing component of the Base consists of 48 staff, including 20 international posts (10 Professional, 10 Field Service) and 28 locally recruited staff. In addition, the current budget provides for 55 posts funded under general temporary assistance. The Committee notes that, in the context of the budget for the period from 1 July 1999 to 30 June 2000, the Secretary-General is proposing to convert those 55 general temporary assistance staff to local staff, because of the continuing nature of their functions. This would increase the staffing component, for the period from 1 July 1999 to 1 June 2000, to a total of 103, as a result of the increase in local staff from 28 to 83.

20. The Committee notes that civilian personnel costs would increase from $3,967,200 in the current budget (1998–1999) to $4,547,400 in the proposed budget (1999–2000). This includes a provision of $1,154,200 for international staff salaries, reflecting a decrease of $100,200 compared to the budget for 1998–1999, as a result of changes in standard costs. The provision for local staff salaries would increase from $520,800 in the current budget to $1,807,500 in the proposed budget, as a result of the proposal to convert 55 posts under general temporary assistance to local posts. The provision for general temporary assistance would correspondingly decrease from $1,131,900 in the current budget to $327,300 in the proposed budget, and would provide for 144 person-months at the local level (or 12 staff recruited under general temporary assistance), to supply additional support during activity surges.

21. The Committee agrees with the conversion of the 55 general temporary assistance posts to local staff, in view of the continuing nature of the functions performed, and the inefficiency involved in constantly rehiring staff who, as reported to the Committee, have already been on board for more than two years. The Committee did not however find justification for the 12 additional general temporary assistance staff. The Committee is of the opinion that the conversion to local posts should provide enough capacity, at this stage, to handle additional surges of activity at the Base, until such time as the Base is able to assess additional staff requirements in the light of experience. Moreover, the Committee

recommends that, should any such surges in activity arise requiring temporary additional staff resources, consideration be given to charging the related costs to the mission concerned, reflecting the related costs in the relevant performance reports. The Committee notes that this procedure is already followed with regard to refurbishment of equipment from liquidating missions. The recommendation of the Committee would result in a reduction of $327,300 from the estimates.

22. In its previous report (A/52/897, para. 10), the Committee noted that the International Civil Service Commission was to review the rate of post adjustment for the Base. The Committee was informed, upon inquiry, that a survey was currently being conducted to determine whether to continue using Rome standard cost rates or Brindisi rates for salaries and common staff costs for international staff. Those for locally recruited staff are based on the salary scale established for the duty station.

23. The Committee notes that the budget has no provision for staff assessment. The Committee was informed that since the cost of the Base is currently absorbed within the appropriation of each peacekeeping mission, staff assessment is provided from within those appropriations. The salaries for the staff of the Base are calculated on a net basis so as not to duplicate the requirement for staff assessment. Any reimbursement of taxes is charged to the Tax Equalization Fund. The Committee recommends that, commencing with the budget for the biennium 2000–2001, the standard procedures for dealing with staff assessment be applied to the Base.

24. The Committee also sought additional information regarding the value of the office and warehouse space contribution provided by the host Government under the memorandum of understanding. The Committee was informed that a detailed breakdown was not available, but was told that the Base currently occupies 19,747 m^2 of covered warehousing, 3,728 m^2 of office space, 1,948 m^2 of workshop space and 172,925 m^2 of open field and hard standing areas, excluding the secondary storage facility at San Pancrazio.

25. As indicated in the report of the Secretary-General (A/53/815, annex I.A and C), the estimate provides for operational costs totalling $3,196,400, reflecting an increase of $71,800 over the current budget. This includes an increase of $358,800 under premises and accommodation, in view of various repairs and renovations required to keep the premises in good condition. The Committee was informed that, under the terms of the memorandum of understanding signed with the host Government, the United Nations is responsible for the maintenance of the walls and floors of the buildings used, while structural repairs remain the responsibility of the host Government. Another major increase, of $312,800 under other equipment, arises from the need to replace obsolete or damaged equipment, ensuring the safety of operations. These increases are offset by decreases under transport operations ($460,900) and supplies and services ($214,100), due to the fact that the current budget contains provisions for the start-up kits. There are also lower requirements for contractual services, in view of the reduced inventory of equipment requiring repair services.

26. In connection with the maintenance of the two mission start-up kits in a state of readiness for immediate deployment, the Committee notes that the kits currently provide the basic support requirements for up to 100 persons for a period of up to three months. The Committee was informed, however, that their enhancement is under consideration at this time, although no change is proposed in the proposed budget estimates.

27. The Committee stresses the importance of strictly adhering to the criteria for retention, write-off and transfer of equipment approved by the General Assembly in its resolution 52/1 A, namely:

(a) That equipment be serviceable and have at least two years' useful life remaining;

(b) That equipment can be made serviceable at a cost no greater than 30 per cent of its depreciated value and , after repair, will have at least two years' useful life remaining;

(c) Procurement lead times for the equipment involved normally exceed the usual six-month mission mandate period.

28. The action to be taken by the General Assembly at its fifty-third session is outlined in paragraph 19 of the Secretary-General's report. The Secretary-General recommends approval of the cost estimates of $7,783,800 for the 12–month period from 1 July 1999 to 30 June 2000. The Secretary-General also recommends that the unencumbered balance of $1,373,600 for the period from 1 July 1997 to 30 June 1998 be applied to the resources required for the period from 1 July 1999 to 30 June 2000, and that the resulting balance of $6,410,200 be pro-rated among the individual active peacekeeping operation budgets to meet those requirements.

29. The Committee recommends approval of the Secretary-General's proposals contained in paragraph 19 of his report, after adjustment for the reduction of $327,300 recommended by the Committee in paragraph 21 above in relation to general temporary assistance.

Cost-benefit analysis

30. The Committee, in its previous report (A/52/897, para. 2), indicated that it would address the cost-benefit analysis contained in the report of the Secretary-General containing the budget for the Base for the period from 1 July 1998 to 30 June 1999 (A/52/858, annex VII) and submit its observations in this regard. The Committee had the advantage of visiting the Base in May 1998, as reported in its report on its activities during the fifty-second session of the General Assembly (A/53/7). Although the Committee could consider optimistic the assumption that the physical liquidation of missions can be achieved in an average of two months (para. 11 of the analysis), the Committee fully concurs with the conclusion of the Secretary-General (paras. 24–25 of the analysis).

31. The Committee requested additional information regarding the savings obtained from the Base for all peacekeeping missions. The Committee was informed that the value of equipment transferred from the Base in direct support of peacekeeping missions, for the period from 1 July 1997 to 27 February 1999, was $29,365,947. New procurement costs of similar equipment could exceed this value by 10 to 20 per cent, depending on availability, and considering an increasing consumer price index.

32. The Committee was further informed during its hearings, on the basis of data collected for the 18–month period from 1 July 1997 to 31 December 1998, that annual operating costs are estimated at approximately $10,254,000, and the book value of material shipped out by the Base (saving the Organization the cost of new procurement) was estimated at $23,576,000. It can thus be concluded that, for every dollar spent running the Base, the United Nations has saved $2.30 in new procurement costs.

33. Moreover, the Committee is convinced that the Base is currently performing good work for the United Nations by maintaining two mission start-up kits in a state of readiness for deployment at short notice, offering services directly related to assets management, and providing communications support through the global satellite network to peacekeeping operations and missions worldwide, and to several specialized agencies.

34. Nevertheless, it is evident that the long-term future of the Base will depend not only on the future level of peacekeeping operations (new, ongoing and liquidating missions), but also on the extent to which the Base can be used to manage other assets of the United

Nations, the specialized agencies, funds and programmes, as well as the extent to which its potential for training and communications services is increased.